

POSTER SESSION 2 ABSTRACTS
12th Annual HMO Research Network Conference

May 1-3, 2006 Boston, MA

Mental Health—Epidemiology, Services, and Outcomes
PS2-12

**Integrated Care Management for Chronically Ill and Substance Abusing Medicaid Enrollees:
ROI After One Year***

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Background: The research examined if MCO coordination and integration of substance abuse outreach and medical care management had a positive return on investment (ROI) in a sample of Medicaid recipients who abuse substances and who are chronically ill. The research is being independently evaluated by the University of North Carolina as part of a ten site study of the business case for quality among Medicaid recipients.

Methods: The population consisted of adults (N = 603) enrolled in a Medicaid MCO who had serious medical conditions and who had a recent history of substance abuse. The morbidity level was based on an ACG predictive model score = > 0.39.

The design is a two group comparison of the first 12 months of an 18 month quality enhancement initiative (QEI). The intervention group (N = 400) was managed by substance abuse coordinators (SAC) and nurse case managers who received ongoing training in the integration of medical case management and substance abuse services. The comparison group (N = 203) received usual and customary outreach and case management. Start-up costs and operational expenses of the intervention were tracked. The utilization and total medical costs for the two groups were compared.

Results: 1) The intervention group members had a reduced medical costs of \$207 per member per month (pmpm) during the first 12 months of the QEI compared to the 12 months prior to the intervention. This reflected a reduction of 334 admissions/1000 and 690 days admitted/1000. The comparison group experienced an increase of \$448 pmpm over its baseline year. Total medical expenses in the comparison group reflected an increase in average length of stay by nearly one day per admission.

2) The combined startup and operation expenses (\$91,995) compared positively with a projected savings (\$207 x 4087 member months) of \$846,009.

3) The intervention group had an enrollment increase in substance abuse treatment and case management.

Conclusions: 1) Integrated care management provided to medically ill and substance using Medicaid recipients can have a positive ROI; 2) utilization indicators suggest this ROI can be achieved without a decrease in the quality of care.

* Supported by the Center for Health Care Strategies through a separate grant to CHCS from the Robert Wood Johnson Foundation